

Manitoba's Manufacturing Sales Continue to Show Strength

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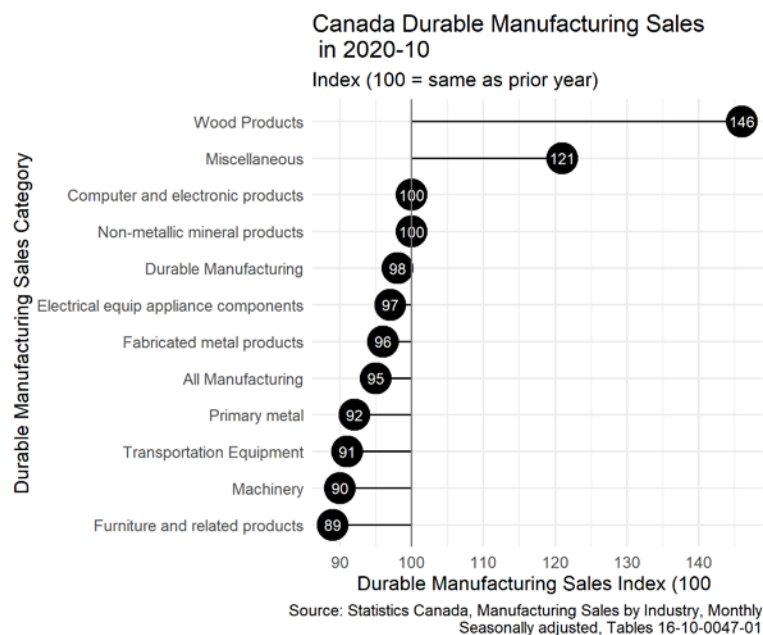
Bottom Line

Statistics Canada released the October 2020 Monthly Survey of Manufacturing on December 15, 2020. **On a seasonally adjusted basis, Manitoba's manufacturing sales continued to increase, reaching \$1.64 billion in October.** Manitoba manufacturing sales are up 7.1 per cent since February 2020, and up 3 per cent year-over-year (y/y). On a y/y basis, Manitoba's manufacturing sales posted the second strongest gains of all the provinces, trailing only BC. Manitoba's **machinery, wood products, non-metallic mineral products, chemicals, and food manufacturing** subsectors continue to exhibit significant strength.

While Manitoba's sales show strength, Canada's manufacturing sales were \$54.1 billion in October 2020, 3 per cent below February, and 5 per cent below last year's levels. Year over year, **petroleum and related** sales continue to be weak, on weak crude oil prices. At the same time, **wood products** are exhibiting y/y strength, driven by strong lumber prices.

Analysis of Canadian Manufacturing Sales in October 2020

Figure 1: Index of Canada's **Durable Goods** Manufacturing Sales in October 2020 (100 = same as prior year)



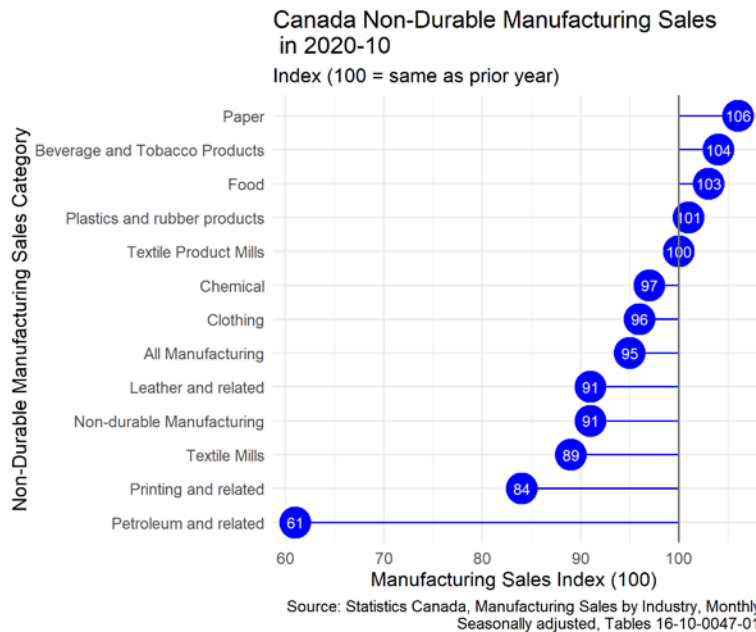
Canada's October 2020 manufacturing sales were flat month-over-month (m/m) at \$54.1 billion. This is 3 per cent below its level in February, and down 5 per cent from its year ago level.

While the aggregate for durable goods is 2 per cent below its level y/y (**Figure 1**), **wood product** sales are up sharply (Index of 146). Wood products have a strong price component, as indicated by solid [random length lumber futures prices](#) (**Table 1**).

Table 1: Futures Prices of Random Length Lumber (US\$/mbf), where mbf = 1,000 board feet.

Quotation Date	US\$/mbf	Jan 2021 contract	Mar 2021 contract	May 2021 contract	Jul 2021 contract
Dec 16, 2020	Last Price	\$811.60	\$680.40	\$628.00	\$630.00
	Daily Change	-\$14.40	-\$31.90	-\$32.00	-\$19.40

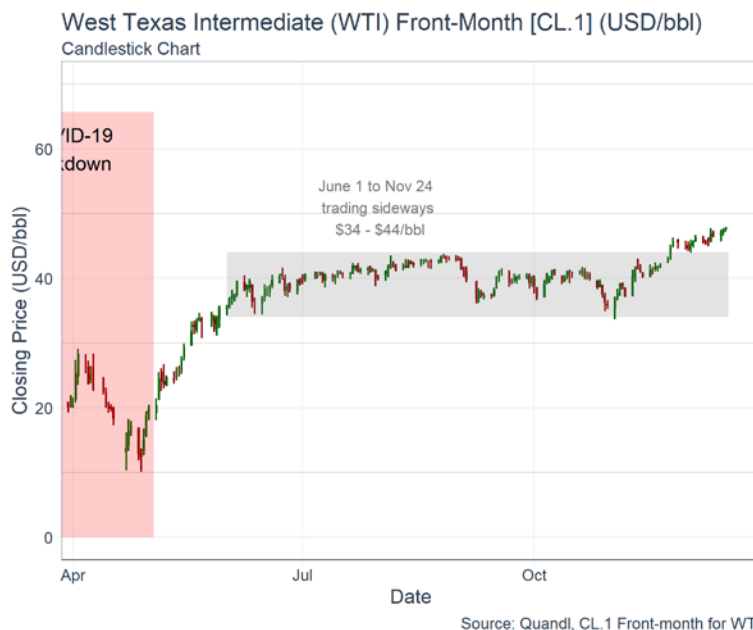
Figure 2: Index of Canada's **Non-Durable Goods** Manufacturing Sales in October 2020 (100 = same as prior year)



The aggregate of Canada's non-durable manufacturing sales lagged its durable counterparts due to weakness in **petroleum and related products** (index of 61).

This is strongly related to weak crude oil prices. West Texas Intermediate (WTI) front-month futures broke through the upper end of the US\$34 - US\$44/bbl range on November 24, 2020. WTI has closed above US\$44/bbl ever since, with its Dec 16 close standing at US\$47.89/bbl (**Figure 3**).

Figure 3: WTI front-month (USD/bbl)



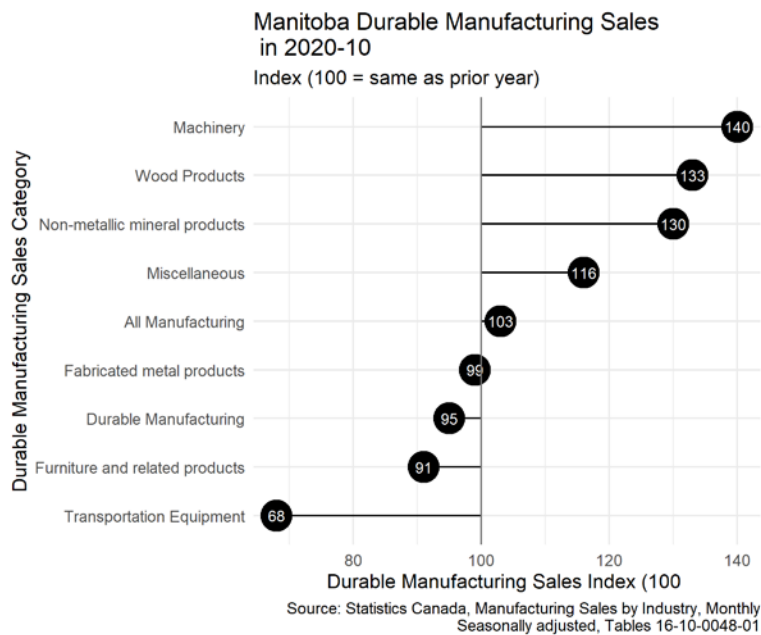
Analysis of Manitoba Manufacturing Sales in October 2020

On a y/y basis, Manitoba's manufacturing sales posted the second strongest gains of all Canadian provinces, trailing only BC.

On a seasonally adjusted basis, Manitoba's manufacturing sales continued to increase, reaching \$1.64 billion in October. Manitoba

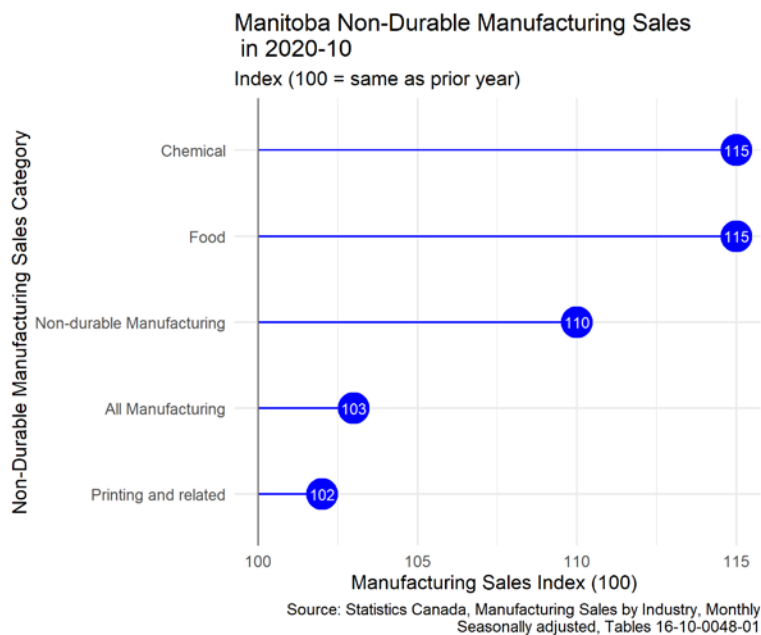
manufacturing sales are up 7.1 per cent since February 2020, and up 3 per cent y/y.

Figure 4: Index of Manitoba's **Non-Durable Goods** Manufacturing Sales in October 2020 (100 = same as prior year)



Manitoba's durable goods manufacturing has dropped 5 per cent on the year, but regained 6.7 per cent since Feb 2020. On a y/y basis **machinery sales** are up 40 per cent, **wood products** are up 33 per cent, and **non-metallic mineral products** up 30 per cent. Continuing weakness in **transportation equipment** sales (Index of 68) continue to dog Manitoba's durable goods manufacturing sales aggregate (**Figure 4**).

Figure 5: Index of Manitoba's **Non-Durable Goods** Manufacturing Sales in October 2020 (100 = same as prior year)



The aggregate for Manitoba's non-durable goods manufacturing is up 10 per cent on the year, and up 7.4 per cent since February.

This y/y strength has come from the strong performance of two of Manitoba's largest manufacturing subsectors:

- **Chemicals** (Index of 115),
- **Food** (Index 115), as noted in **Figure 5**.

The food processing sector has been supported by strong 2020 crop production in Manitoba (up 8 per cent y/y), and Canada

more broadly, up 4 per cent y/y, (**Table 2**).

Table 2: Canada and Manitoba Crop Production (TMT)¹

Crop Production (thousands of metric tonnes)	Canada			Manitoba		
	2019	2020	% chg	2019	2020	% chg
Barley	10,383	10,741	3%	529	686	30%
Canola	19,607	18,720	-5%	3,056	3,191	4%
Corn for grain	13,404	13,563	1%	1,185	1,140	-4%
Flaxseed	486	578	19%	42	46	9%
Oats	4,227	4,576	8%	794	1,117	41%
Dry Peas	4,237	4,594	8%	164	246	50%
Rye, fall remaining	326	475	46%	130	139	6%
Soybeans	6,145	6,359	3%	1,122	1,163	4%
Sunflower seeds	63	101	61%	55	91	66%
All Wheat	32,670	35,183	8%	5,050	5,274	4%
SUBTOTAL	91,547	94,890	4%	12,128	13,093	8%

This is the final issue for 2020. We will startup volume 2 of the Weekly Economic Digest in early January 2021.

As we set to close out 2020, please see [“A MESSAGE FROM DAYNA SPIRING: SAYING GOODBYE TO A DIFFICULT YEAR, and hello to a stronger Winnipeg in 2021.”](#)

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- **For Winnipeg businesses looking for help accessing government programs, please reach out to our Yes! Winnipeg Team** through our [Help us help you form](#) if you are not sure who to contact on the Y!W team.
- For general inquires please email wpginfo@edwinnipeg.com.
- For Marketing & Communications Inquiries, please email: marketingandbranding@edwinnipeg.com.

¹ Source: Statistics Canada, Table: 32-10-0359-01.